

Message Text

CONFIDENTIAL

PAGE 01 CARACA 06243 211608Z

ACTION ARA-14

INFO OCT-01 ISO-00 EB-07 COME-00 L-03 OPIC-03 CIAE-00

INR-07 NSAE-00 H-01 TRSE-00 SS-15 NSC-05 ARAE-00

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P 211525Z JUN 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 8137

BT

C O N F I D E N T I A L CARACAS 6243

EO 11652 GDS

TAGS: EIND EINV VE

SUBJ: OWEN-ILLINOIS INVESTMENT DISPUTE

: CARACAS 6144

1. IN MEETING WITH AMBASSADOR JUNE 20 CONSTANTINO QUERO MORALES RAISED THE OWENS-ILLINOIS CASE. HE CONFIRMED THAT GOV CURRENTLY NEGOTIATING ON BASIS OF PURCHASE OF O-I ASSETS OVER FOUR YEAR PERIOD. QUERO POINTED OUT, HOWEVER, THAT AGREEMENT WOULD BE GREATLY FACILITATED IF PRESIDENT PEREZ COULD BE PERSUADED TO ACCEPT CONCEPT OF MIXED ENTERPRISE WITH O-I. QUERO SAID ALL THE MINISTERS FAVORED THE MIXED ENTERPRISE SOLUTION BUT HAD NOT BEEN ABLE TO CONVINCE CAP. QUERO THEN CAME RIGHT TO THE POINT, SUGGESTING THAT CAP MIGHT WELL BE PERSUADED TO ACCEPT THE IDEA IF SOMEONE ON THE US SIDE WOULD SUGGEST IT DURING HIS VISIT TO WASHINGTON AS A GOOD SOLUTION TO THE O-I PROBLEM.

2. QUERO POINTED OUT THAT COMPENSATING O-I FOR ACTUAL VALUE OF ITS ASSETS WOULD RESULT IN LEVEL OF COMPENSATION WHICH WOULD BE SUBJECT TO SEVERE CRITICISM BY POLITICAL OPPOSITION. FORMATION OF JOINT VENTURE WOULD OBVIATE THIS, SINCE GOV WOULD
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PAGE 02 CARACA 06243 211608Z

BE INVESTING IN EXPANDED ENTERPRISE RATHER THAN BUYING OUT O-I. MIXED ENTERPRISE COULD ALSO BE GIVEN NEW NAME WHICH WOULD SERVE TO DISTINGUISH IT FROM CURRENT FIRM.

3. COMMENT. QUERO EMPHASIZED THAT HE WAS SPEAKING PERSONALLY AND NOT FOR ATTRIBUTION. NEVERTHELESS,

HIS INITIATIVE IN BRINGING UP MIXED ENTERPRISE
CONCEPT IS AN ENCOURAGING SIGN. CLEARLY QUERO AND
HIS ASSOCIATES ARE TRYING TO FIND A RATIONAL SOLUT-
TION WHICH WILL GET PRESIDENT PEREZ OFF THEHOOK.
WE RECOMMEND THAT SERIOUS CONSIDERATION
BE GIVEN TO HIS SUGGESTION, AND THAT THE PRESIDENT
OR THE SECRETARY GENTLY SUGGEST THIS ROUTE.
VAKY

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 21-Jun-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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